

Memorandum

TO:

File

FROM:

(b) (6), (b) (7)(C)

Investigative Attorney, ERO/BPU

DATE:

March 21, 2019

SUBJECT:

Meeting with Mi

and follow-up

On Tuesday, March 5, 2019, Herple Ellis, ERO/BPU Supervisor, and I met with Mr (b) (6), (b) (7) at a Wendy's restaurant located on East High Street, Jackson, Mississippi, following (b) (6), (b) (7) attendance at a meeting at the state capitol to discuss Farm Bill issues. (b) (6), (b) (7) (C) working in coordination with the Mississippi State Chapter of the NAACP, arranged the meeting. (b) (6), (b) contact information is:

(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) MS 39350-4386 (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) (b) (6), (b) (7)(C) (b) (6), (b) (7)(C)(b) (6), (b) (7)(C) (b) (6), (b) (7)(C)(b) (6), (b) (7)(C)

Since that time, however, he has continued to seek a poultry growing contract from Peco, Tyson, and Koch. At Peco, he has communicated with (b) (6). (b) (7)(c) Live Production Manager at the Philadelphia location. (b) (6). (b) (7)(c) has told him that Peco is not taking on new growers.

Agricultural Marketing Service, Fair Trade Practices Program, Packers and Stockyards Division, Eastern Regional Office 76 Ted Turner Drive, S.W., Suite 230

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Memorandum to File Koch Farms of Mississippi, LLC – Meeting with March 21, 2019 Page Two

His calls to Tyson, since during or about 2005, have not resulted in his getting a poultry growing contract. He has called the Tyson Feed Mill and was referred to Tyson's Live Production office. As recently as two months ago, (b) (c) said that he called Tyson's Live Production Office and left a voice mail message, but never received a return call.

said that he has contacted Koch Foods by phone once or twice every year since during or about 2005, expressing his interest in getting a contract to grow poultry. (b) (c) (b) said that Koch has denied his requests, stating that he is "too far out," and that Koch was not taking on any new growers but was only adding houses on existing farms. (b) (6) (b) was uncertain of the name of the individual(s) with whom he has spoken at Koch.

stated that he may know of another minority individual who has tried to obtain a contract to grow poultry. He said that he would check with that person and provide me with his contact information. (b) (6), (b) and I have tried to make telephone contact unsuccessfully. This morning I sent (a) (6), (b) and I have tried to make telephone contact unsuccessfully. This morning I sent (a) (6), (b) and I have tried to make telephone contact unsuccessfully. This morning I sent (a) (6), (b) and I have tried to make telephone contact unsuccessfully.

Earlier this week, I researched the distance of farms from the Koch feed mill in Morton, MS, that have poultry growing arrangements with Koch Foods. The only list of growers that I could find that I previously obtained was from 2010. I have sent an email to Koch's legal counsel, Scott Pedigo, requesting a current list of broiler growers.

During the sworn, recorded interview that I conducted in March 2013, of (b) (6), (c) (7)(C) I asked about the range of distance of farms that Koch would contract with.

(b) (6), (b) (7)(C) I asked about the range of distance of farms that Koch would contract with.

(c) (a) (b) (7)(C) I asked about the range of distance of farms that Koch will contract out as far as 55 to 60 miles from the feed mill in Morton. He also said (at 55:10 minutes) that Koch had three or four farms in the area of Peco's operation in the Philadelphia, MS, area.

According to Google Maps, the fastest route between the Koch Feed Mill and property is 58.8 miles. Based on the 2010 list, I used Google Maps to obtain mileage (fastest route) from the Koch feed mill at 278 Herring Road, Morton, MS, to various farms that appear to be the furthest from the feed mill. There were seven farms located in excess of 60 miles from the feed mill, including some farms in the Philadelphia, MS, area. There were another 11 farms in excess of 50 miles from the feed mill.

After receiving the current list of growers, I will calculate current distances to see if Koch has continued to contract with growers in excess of 50 miles from the feed mill.

WHB/

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AFFIDAVIT

FOR USE IN ANY PROCEEDING OR ACTION UNDER THE PACKERS AND STOCKYARDS ACT, 1921, AS AMENDED AND SUPPLEMENTED (7 U.S.C. 181 et seq.)

STATE OF MISSISSIPPI)) SS:
(b) (6), (b) (7)(C)
BEFORE ME,,
an employee of the United States Department of Agriculture, designated by the Secretary of
Agriculture under authority of the Act of January 31, 1925, 43 Stat. 803, 7 U.S.C. 2217,
(b) (6), (b) (7)(C) (b) (6), (b) (7)(C)
(FIRM)
(FIRM ADDRESS)

who deposes and says:

Page 1

My name is (b) (6), (b) (7)

I reside at (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

I am over the age of 18 and I am fully mentally

competent to make this statement under oath. I am an African-American.

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)
I have had an

poultry company. Since 2005, I have contacted a number of poultry companies to seek a contract to grow poultry, including the following:

(b) (6), (b) (7)(C)

- 1. Koch Foods of Mississippi I have contacted Koch (Forest/Morton,

 Mississippi, location) once or twice a year since 2005, but was told by Koch

 representatives (whose names I do not know) that my property is located too

 far away, or that Koch is not taking on new growers, but is only adding

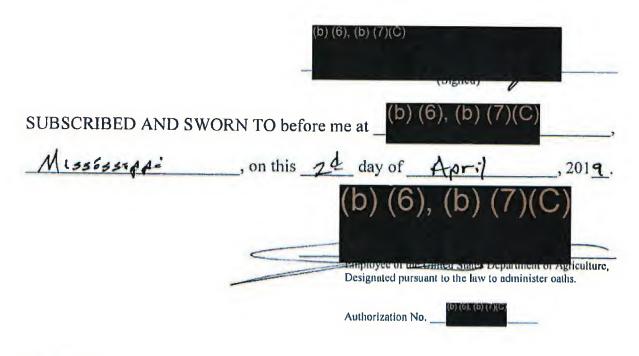
 houses on existing farms;
- 2. Tyson Foods I have contacted Tyson Foods (Forest/Carthage, Mississippi, location) and left messages for the Live Production Manager with no return call being made to me. My most recent attempt to contact Tyson about getting a poultry contract was during or about January 2019; and
- 3. Peco Foods I have contacted Peco Live Production Manager (Philadelphia, Mississippi, location) who has told me that Peco is not taking on any new growers; and
- 4. Marshall Durbin Farms ("Durbin"), which owned the complex now operated by Peco Foods in Philadelphia, Mississippi. I met with (b) (6), (b) (7)(c) who was then employed by Durbin, and obtained a Letter of Intent to enter into a contract with me to grow poultry. After seeking the advice of my legal

208

counsel. (b) (6), (b) (7)(c) however, and receiving advice to not enter into the contract with Durbin, I did not proceed with investing in poultry houses and signing a contract with Durbin.

Although I chose to not enter into a contract with Durbin, I have remained interested and willing to invest in building a poultry farm and entering into a poultry growing contract with Koch, Tyson, and Peco.

The remainder of this page is intentionally blank, except for my initials.



WITNESS:

1	UNITED STATES DEPARTMENT OF AGRICULTURE
2	Agricultural Marketing Service, Fair Trade Practices Program
3	PACKERS AND STOCKYARDS DIVISION
4	
5	ECM CONTROL NUMBER: 283914
6	(Supplemental Investigation to ECM Number 223266)
7	
8	
9	IN RE: KOCH FOODS OF MISSISSIPPI, LLC
10	(Live Production Division, Forest, Mississippi)
11	
12	
13	PARTIAL SUMMARY
14	
15	Interview of
16	(h) (6) (h) (7)(0)
17	(b) (b) (1) (1) (0)
18	Koch Foods of Mississippi, LLC
19	
20	<u>February 7, 2013</u>
21	(b)(6)(b)(7)(C)
22	This interview was conducted by (b) (b), (b) (7)(c) Investigative
23	Attorney, USDA Packers and Stockyards Program. The interview was recorded
24	using a digital audio recorder, with the knowledge of all persons who were present.
25 26	The recording, which consists of two parts, has been uploaded as an Exhibit in the
27	ECM folder number 155432. The two-part recording of this interview has also been filed in the ECM Folder for the initial investigation (Number 2222(C) with
28	been filed in the ECM Folder for the initial investigation (Number 223266) with the names of:
29	the names of.
30	Koch Foods of Mississippi 02-2013(b) (6), (b) (7)(C) Sworn Interview Part 1 of 2
31	Koch Foods of Mississippi 02-2013 Sworn Interview Part 2 of 2
32	
33	This partial summary of the interview was prepared by using the recording
34	of the interview (part 1 of 2), and using contemporaneous notes that
35	during the interview. This partial summary is limited to the questioning of (b) (b) (c) (c)
36	about the location of broiler growers' farms and the distances from the Koch's feed
37	mill that Koch would contract with broiler growers Note that another partial
38	summary concerning primarily matters of discrimination was prepared for the
39	initial Investigation Report, and was included as Exhibit III.J. The recording of the
40	interview can be used to create a verbatim transcript, if needed.

1	
2	Location of Interview: U.S. Department of Agriculture, Natural Resources
3	Conservation Service, 1099 Highway 35 South, Suite B, Forest, Mississippi
4	39074.
5	
6	The second at 10.57 atti. (Contract the Coldary 7, 2015, 1116
7	persons present during the interview were (b) (6), (b) (7)(C) Scott Pedigo (an
8	attorney with Baker Donelson in Jackson, Mississippi, representing Koch Foods),
9	James Hood (Resident Agent, USDA Packers and Stockyards Program), and
10	
11	(b) (6), (b) [7](G)
12	opened the interview by announcing that the recording device was turned
13	on and that the interview was on the record. stated that the testimony was
14	being taken in the matter of Koch Foods involving an investigation undertaken
15	pursuant to federal law including the Packers and Stockyards Act, Packers and
16	Stockyards Program Regulation 201.94 (found at Title 9 C.F.R. Section 201.94),
17	and pursuant to Section 9 of the Federal Trade Commission Act, to determine
18	whether any person or entity has violated or may be violating any provision of the
19	Packers and Stockyards Act or any regulation or order issued there under.
	DATES HAVE VERY
20	noted for the record that his USDA Agent Badge Number and
21	credentials were exhibited on the table before him as evidence that he is authorized
22	to administer oaths and affirmations in the proceeding. then called the
23	witness (b) (6), (b) (7)(C), and administered an oath to tell the
24	truth, the whole truth, and nothing but the truth, which acknowledged.
2.5	(5) (8) (5) (7)(C)
25	noted for the record, with the knowledge of all persons present, that the
26	testimony being taken was being recorded using a digital recording device.
27	stated that he understood that his statements were being recorded.
28	(b) (c), (b) (7)(C) asked whether was represented by an attorney during the interview.
29	answered that he was not represented by counsel, and that he had no
30	objection to Everett White, attorney for Koch Foods of Mississippi, being present
31	during the interview.
) T	during the litter view.
32	stated that the record would reflect that was appearing voluntarily,
33	and acknowledged that fact.
34	that no threats or promises of any kind had been made to

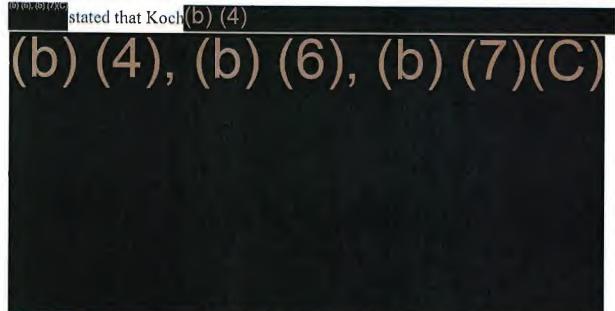
acknowledged that fact. 1 also stated that no immunity of any kind could be or was being offered to 2 in connection with his testimony. acknowledged that fact, also. 3 (b) (6), (b) (7)(C The witness's full name, home address, and telephone number are 4 (b) (6), (b) $(7)(C)_{b}(6)$, (b) (7)(C)5 6 job title and employer are: (b) (6), 7 Koch Foods of Mississippi ("Koch"). 8 duties include supervision of Koch's feed mill, hatchery, pullets, broilers 9 and live haul operations. 10 11 12 stated that he has been employed by Koch since 13 and that he became in either May or June 2006. From (b) (6), (b) (7)(0 14 15 and also has stated that he was the 16 for five years, and that he was the 17 18 stated that his supervisor is 19 20 supervisor is Mark Kaminsky, Chief Operating Officer of Koch Foods. Kaminsky's supervisor is Joe Grendys, owner of Koch 21 Foods. 22 stated that he had not discussed his testimony with anyone in advance of the 23 interview. 24 tated that he was not told about questions that have been asked of other 25 Koch employees who have already been interviewed. 26 (Begin at 43:00 on the recording) 27

(b) (e), (b) (7)(e) was a former live poultry dealer that was purchased by Koch.

to 60 miles to the south and north, with a 110 to 120-mile radius around the feed mill, although "Morton" is usually referred to as the starting point. He said that the new feed mill is located between Morton and Forest, and that Koch tries to stay within that radius in contracting with broiler growers.

said that there are very few broiler farms to the East, with some located around Lake, Mississippi. To the west, Koch has some broiler farms as far as Pelahatchie. Beyond Pelahatchie, land becomes more valuable.





There are some other poultry companies that contract with broiler growers in the same geographic area in which Koch contracts with growers, including: Peco Foods at Sebastopol (about 30 miles from Morton) to the north/northeast. There are Peco farms in Koch's north broiler area. Peco Foods also has a complex at Bay Springs, about 45 miles from Morton and it has growers under contract in Koch's south broiler area. A few Koch growers in the Philadelphia are in the area where Peco's complex at Philadelphia contracts with growers. Tyson Foods in Carthage

- 1 goes out further in contracting with broiler growers than Koch does, in all
- 2 directions. Wayne Farms at Laurel is at the very southern end and mixes in with
- some Koch growers. Sanderson Farms at Collins is at the southwestern end of
- where Koch contracts with growers. stated that he is not aware of any
- 5 broiler growers that contract with Sanderson Farms at Hazlehurst who are in the
- 6 area of growers who contract with Koch. There would be some growers who
- 7 contract with Koch in the very southern end where some farms under contract with
- 8 Sanderson Farms at Laurel are located.
- 9 (1:01:20)
- 10 ...
- 11 ENDED 3:29 p.m.
- 12
- 13 (NOTE: Testimony regarding classes and numbers of broiler houses, contract
- 14 terms, payment of broiler growers, plant capacity, other competition-related
- questions, density and numbers of birds placed, skimming (partial catching of
- 16 flocks), early catching of birds, finance, shavings/sawdust, and gratuities from
- 17 growers, questions about some other growers not related to the issue of
- discrimination, and Koch employee ownership of poultry farms, is not included
- 19 in this partial summary.)
- 20



Memorandum

TO:

File

FROM:

(b) (6), (b) (7)(C)

Investigative Attorney, ERO/BPU

DATE:

March 21, 2019

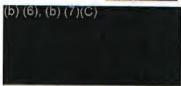
SUBJECT:

Meeting with Mr.

(b) (6), (b) (7)

Collins, Mississippi

On the morning of Wednesday, March 6, 2019, Herple Ellis, ERO/BPU Supervisor, and I met at the Huddle House in Collins, Mississippi, with (b) (6), (b) (7)(c) assisted in arranging the meeting. (b) (6), (b) (c) contact information is:



stated that he previously grew poultry under a contract with MS, location. His farm consisted of eight broiler houses:

)(C) at its

Four houses were built in 1998;

Four houses were new:

All eight houses measured 500' x 44'

All houses had tunnel ventilation, cool cells, and were rated "Class A" by Sanderson.

stated that stated that stated that stated his contract during or about 2015 (probably late 2015). To his knowledge, he was the only African-American grower who had a contract with the complex. At the annual growers' meetings he attended, he was the only African-American grower in attendance.

In the ensuing flocks of birds that were delivered to his farm, different Service Technicians, each with different requirements, were assigned to his farm. One Service Technician, for example, had some requirements for feeders that (b) (6), (b) considered to be strange. He stated that the

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Memorandum to File Koch Farms of Mississippi, LLC – Meeting with March 21, 2019 Page Two

Service Technicians frequently changed the controls in his houses. During this time, he lost half of the chickens in one of his houses due to a fan that stopped working.

Another grower located across the road from where his farm was. Mr. would come over to his farm to try to help him improve performance. however, told that he had to stay off of farm.

After poultry that was on his farm (the last flock) was caught stated that he was told by the (C) (G). (D) Service Technician to prepare his eight houses to receive a new flock of chicks. To prepare his eight houses, (D) (G). (D) said that he had to treat the litter with PLT, obtain propane gas, etc. (D) (G). (D) however, brought him a termination letter about two week later, and he did not receive any further flocks during the 90-day termination notice period or otherwise.

stated that there was a white broiler grower who allegedly did the same thing (alleged improper disposal of dead birds), but allowed him to keep his contract and did not terminate the contract did not know the name of the white grower.

and I discussed the Myers v. Sanderson Farms case that involved the termination of a broiler production agreement based on an environmental violation and was litigated in federal court in Mississippi. The asked that I send him information about the Myers case. (In that case, the federal court held that Mississippi law required Sanderson to continue placing birds on the Myers farm during the 90-day notice of termination period. (5) (6) (7) (7) (6) (7) (7) (7)

(b) (6), (b) requested that the Packers and Stockyard Division investigate his termination by and suspects that he may have suffered racial discrimination in having his

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Memorandum to File Koch Farms of Mississippi, LLC – Meeting with March 21, 2019 Page Three

contract terminated when a white grower allegedly engaging in the same practice kept his contract.

- A. Wayne Farms sent a representative to his farm to look, but may have spoken with someone a (b) (6), (b) (7)(c) and backed out and did not offer him a contract;
- B. Peco said it was not taking growers in his area; and
- C. Koch Foods he spoke over the phone with one person (name not known). The Koch representative told him that Koch was taking on growers and that someone would come to his farm and look at his poultry houses. No one from Koch showed up, so he called Koch again and was told that Koch was contracting on some new houses but may need some existing houses, as well. The Koch representative again told him that someone would come out to his farm and look at it, but no one ever showed up.

stated that he knew of another minority individual who had tried to obtain a poultry growing contract. He said that he would check with that person and get back with me. (See Note re: (b) (a), (b) (7)(c) in the ECM folder.)



Agricultural Marketing Service, Fair Trade Practices Program, Packers and Stockyards Division

AFFIDAVIT

FOR USE IN ANY PROCEEDING OR ACTION UNDER THE PACKERS AND STOCKYARDS ACT, 1921, AS AMENDED AND SUPPLEMENTED (7 U.S.C. 181 et seq.)

STATE OF MISSISSIPPI)) SS:
COUNTY OF LOVINGTON)
BEFORE ME, WAYNE H. BASFORD
an employee of the United States Department of Agriculture, designated by the Secretary of
Agriculture under authority of the Act of January 31, 1925, 43 Stat. 803, 7 U.S.C. 2217,
personally appeared (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C)
(FIRM)
(FIRM ADDRESS)
who deposes and says:

Page 1

My name is

I reside a

(b) (6), (b) (7)(C)

I am over the age of 18 years, and I am fully mentally

competent to make this statement under oath. I am an African-American.

I previously grew poultry under a contract with (b) (6), (b) (7)(C)

') at its (10, 6). Mississippi, location. My farm consisted of eight

broiler houses:

Four houses were built in 1998;

Four houses were new;

All eight houses measured 500' x 44'

All houses had tunnel ventilation, cool cells, and were rated "Class A" by Sanderson.

To my knowledge, I was the only African-American grower who had a complex. At the annual growers' meetings I contract with the attended, I was the only African-American grower in attendance.

In the flocks of birds that were delivered to my farm after my conversation with (b) (6). (b) (7)(c) different Service Technicians, each with different requirements, were assigned to my farm. One Service Technician, for example, had some requirements for feeders that I considered to be strange.

The Service Technicians frequently changed the controls in my houses.

During this time, half of the chickens in one of my houses died due to a fan that stopped working.

The road to my poultry houses at one point got washed out and needed repair, but that I was unable to make the repairs due to heavy rain.

Two with a leftine (b) (6), (b)

nonetheless put me on probation for the damaged road.

another (b) (6), (b) (7)(C) another (C) grower located across the road from where

my farm was, would come over to my farm to try to help me improve performance.

however, told (b) (7) (c) however, told (b) (7) (7) that he had to stay off of my farm.

After poultry that was on my farm (the last flock) was caught, I prepared my

eight houses with PLT (a litter treatment), obtained propane gas, and otherwise

Twas supposed to the flex but him began new to be the prepared my houses to receive new chicks. (b) (6) (7) however, brought me a

2 (b) (6), (b)

termination letter and I did not receive any further flocks during the 90-day termination notice period or thereafter.

It is my understanding that there was a white broiler grower who allegedly did the same thing (putting dead birds in a creek), but (b) (6). (b) (7) allowed him to keep his contract and did not terminate its contract with him.

Following the termination of my contract by (6). (6). (7) I tried to obtain a broiler growing contract with other companies, as follows:

- 1. Wayne Farms Wayne Farms sent a representative to my farm to look at my poultry houses. I suspect that the Wayne Farms representative may have spoken with someone a Farms. Wayne Farms did not offer me a contract;
- 2. Peco Foods said it was not taking growers in the area where my farm was located; and

(name not known). The Koch representative told me that Koch was taking on growers and that someone would come to my farm and look at my poultry houses.

No one from Koch showed up, so I called Koch again and was told that Koch was contracting on some new houses but may need some existing houses, as well. The Koch representative again told me that someone would come out to my farm and look at it, but no one ever showed up.

Due to financial requirements, I had to proceed with selling my farm and could not wait longer to try to get a contract with another poultry company.

Although I was able to sell my farm, the sales price that I obtained left me with approximately \$100,000 in debt, on which I continue to make payments.

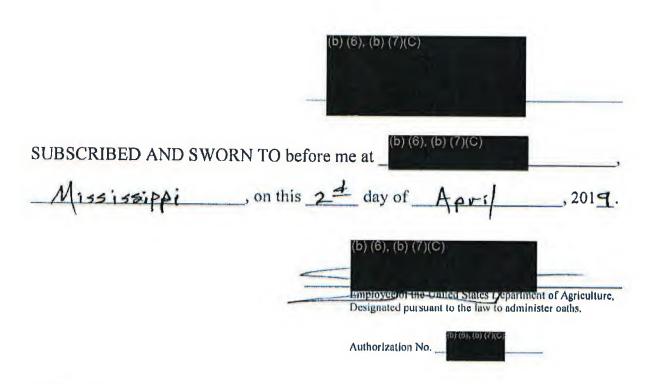
The remainder of this page is left intentionally blank, except for my initials

(3) The Bonker at (5)(6),(6)(7)(6)

spoke to Tyson Jaums, and they would be glad to give the a contract.

They came to the tarm and everything checked out ot. But later had to put off for a few months. When that time was up, they had to put it off you a few more menths. By that time the end of my grace period was nearing, and nather than lasing every thing, I had to sell at a lower price than necessary.

(b) (6), (b) (7)(C) This statement consists of ______ pages of which tis is page _______. I have read the foregoing and it is true and correct. I give such statement freely and voluntarily, without threats or promises having been made, knowing that it may be used in the administration of the Packers and Stockyards Act, 1921, as amended, and the regulations thereunder.



WITNESS: